

22 FEB 1978

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence

FROM: John F. Blake
Deputy Director for Administration

SUBJECT: Proposed Real Property Assignment
Circular (Office of Management
and Budget)

REFERENCE: Memo dtd Dec 19, 1977 for Heads of
Executive Depts and Agencies fm OMB,
same subject (DDA 77-6548; OL 7 5819)

1. Action Requested: This memorandum contains a recommendation in paragraph 4 for your consideration.

2. Background:

a. The proposed Office of Management and Budget (OMB) circular provides guidelines and sets forth policies for the assignment of federally controlled space to nonfederal activities and establishes "rental" charges for space so provided. The Office of Logistics (OL), in concert with representatives of the Office of General Counsel, the Office of Personnel, and the Comptroller, has reviewed the circular and has made comments on what impact the circular would have on the Agency if promulgated (Attachment 3). In essence, the impact on the Agency would be an adverse one and the consensus of the reviewing components is that the OMB circular in its present form should be opposed. The greatest adversity appears to be the OMB proposal to assess concessionaires such as Government Services, Incorporated, (GSI), operator of the cafeteria, rental for space in the amount currently paid by the Agency under the General Services Administration's Standard Level User Charge (SLUC). For the cafeterias in the Headquarters Building, [REDACTED] and the Ames Building [REDACTED] the proposed rental to GSI would amount to \$833,252 (or an additional \$.92 per meal). As you are aware, the GSI cafeteria operations are always on the brink of financial disaster, and have only been able to anticipate a breakeven point in any given operating year.

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OL feels, and I must agree, that an assessment of rental charges as proposed, would result in the abandonment of cafeteria operations by GSI. This opinion is shared by GSA's Concession Division. The head of that division has advised of his strong opposition to the proposed circular because of the probable termination of all GSI cafeteria operations. Loss of cafeteria services, especially in the Headquarters Building, would have a serious effect on employee morale and the Government would suffer a loss of employee time and productivity if employees are forced to search out an alternative commercial activity, the nearest being 2.5 miles from the Headquarters Building.

b. There are other proposals contained in the circular that would have an adverse effect on the Agency now and in the future. One is the Agency's proposed day care center and another is the planned recreational site on Federal land at Headquarters. According to the OMB circular, all rental of space and other costs expended by the Government is to be recouped by the fees charged parents for the use of a day care center. Without some form of Government subsidy to the day care center, e.g., free use of space, it is a foregone conclusion that the intent of providing child day care at a modest cost, especially for employees in the lower grades, would be defeated. As far as the planned recreational area on the Headquarters compound is concerned, the language of the OMB circular provides that a rental charge must be assessed if the Government incurs additional expense which Phase I of the project does. It is extremely doubtful that EAA could fund such a charge and the benefit would be lost to our employees.

3. Staff Position: It is our conclusion that the Agency oppose the OMB circular in its current form since strict adherence would: (1) result in creation of a prohibitively expensive food service operation and could lead to the elimination of such services; (2) preclude any reasonable hope of establishing a modest cost day care center for Agency personnel; (3) reduce or eliminate the benefits derived from operations of the EAA. If OMB perseveres in the promulgation of the circular, the Agency should be on record in its opposition and at least should insist upon the broadening of heads of agencies latitude in the exemption of assessing rental charges. This could be accomplished by requesting that OMB add a provision to the circular which would allow a head of an agency whose facility is remote or otherwise not readily accessible to a wide

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range of employee needs to exempt those services deemed necessary to employee morale and efficiency from the assessment of rental charges.

4. Recommendation: It is recommended that you sign the prepared letter of response to the Acting Director of OMB.

/s/ John F. Blake

John F. Blake

Attachments

Distribution:

Orig - Addressee, w/atts

1 - DDCI, w/atts

1 - ER, w/atts

2 - ADDA w/atts (Subject)
1 - OL Official w/atts

Originating Office: _____ /s/ Date 17 Feb 78
James H. McDonald
Director of Logistics

TAB

DD/A Registry
78-0437/2

Executive Registry
77-10940/A

27 FEB 1978

The Honorable James T. McIntyre
Acting Director
Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Dear Jim:

After a careful review of the Office of Management and Budget's (OMB) proposed circular concerning assignment of federally controlled space to nonfederal activities, and assessing its potential impact upon this Agency, I must take exception to the proposal as written.

As you may be aware, the Central Intelligence Agency (CIA), because of its remote location, has a large cafeteria operation contracted through the General Services Administration to Government Services, Inc. Additionally, CIA has an active Employee Activity Association (EAA) which is independently incorporated as a nonfederal activity. Both the cafeteria service and EAA activities provide amenities so basic to employment as to be considered essential to effective operation of the Agency. Additionally, because of its importance to our employees and because no commercial equivalent is proximate to us, CIA is contemplating operation of a child day care center.

Our interpretation of the proposed circular would indicate that charges to be levied against these activities would make their continuance prohibitively expensive particularly to the lower-graded employees of the Agency. I, of course, endorse the stated aim of this circular; i.e., to improve the efficiency and effectiveness of Government and to assist in balancing of the budget. This should not be done, however, at the expense of the morale and well-being of our employees. Furthermore, these charges would have the greatest impact on those federal employees in relative isolated locations who do not have access to equivalent commercial services. Accordingly, I would propose that the circular be so worded as to provide latitude to Agency heads whose facilities are in decentralized locations. This

The Honorable James T. McIntyre

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latitude would permit independent assessment of the essentiality of nonfederal services and establishment of equitable rates to be charged for provision of federal space to support these activities.

Specific suggested language for rephrasing along these concepts can be provided if desired. Mr. John F. Blake, the Deputy Director for Administration, is the CIA focal point for this matter and should be contacted if further information is desired.

Yours,

Stansfield Turner

STANSFIELD TURNER

Distribution:

Original - Addressee
1 - DCI
1 - DDCI
1 - ER
2 - ADDA
1 - OL Official

STATINTL

Originator: EO/OL/ [REDACTED] gmd;x8204 (17 Feb 1978)

LEO SJ 5 Feb 1978

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Approved For Release 2001/04/02 : CIA-RDP81O0142R000100080021-3

ROUTING AND RECORD SHEET

77-10940/143

SUBJECT: (Optional)

Proposed Real Property Assignment Circular (Office of Management and Budget)

FROM: Deputy Director for Administration
7D24 Hdqs

EXTENSION

NO.

DD/A 78-0437/1

DATE

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DDCI
7D6011 HdqsRECEIVED
22 FEB 1978

Sir,

2.

3. DCI
7D6011 Hdqs

23 FEB 1978

27 FEB 1978
DD/eng

Enclosed is a letter for your signature providing comments to OMB regarding a proposed circular which, if implemented, will require us to charge all nonfederal activities for space which we provide.

4.

5. EO 1/DOA

2/27

Exempted are the Credit Union and the blindman vending operation. Specifically included, however, are cafeterias, snack bars, the day care center, barber shop, EAA store, and the proposed recreation area.

6. ADDA

28 FEB 1978

This proposal was first floated in 1975. CIA did not respond at that time. However, it is the opinion of all consulted that implementation of this proposal would virtually destroy our cafeteria operation and cripple any hope of establishing a day care center.

7.

DDA

28 FEB 1978

The thrust of our comment deals with the inequities the proposal would impose on CIA, particularly at Langley, and recommends that wider latitude be built into the final proposal in conjunction with special consideration for agencies such as CIA which have locations remote from metropolitan centers.

8.

9. Director of Logistics

10.

11.

12.

13.

Fuller Lypert/ln

14.

Enclosed on left

15.

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Approved For

Release 2001/04/02 : CIA-RDP89A142R00100080021SBCRET

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

DD/A Registry
File *B+C*

STAT INTL

FROM:	Director of Logistics [REDACTED]	EXTENSION	NO.
		8-8200	
DATE	17 FEB 1978		

TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS
	RECEIVED	FORWARDED	

1. AGC/OL			Comments (Number each comment to show from whom to whom. Draw a line across column after each comment.)
2. [REDACTED]			
3. OP/BSD 5E56 Hdqs			Attached is a proposed response to OMB's draft circular requiring executive agencies to charge nonfederal activities for Government provided space.
4.			This response has been coordinated in draft with OP/BSD, O/Compt, and AGC/OL.
5. O/Compt/AG 4E20 Hdqs			We received a similar proposal in 1975, but no formal response was made by the Agency. Believe this is the time to go on record with our comments.
6.			
7. A-DDA 7D24 Hdqs	EO/DDA	2/21/78	Note that OMB has requested response by 20 February. Internal coordination has delayed this paper, but believe that if it arrives at OMB during week of 20 February, we shall have complied with the spirit of their request for comments.
8. DDA			
9.			
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